

FOR IMMEDIATE RELEASE

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Slaughter Calls for Investigation into HHS Secretary's Charity

Leavitt's Family Foundation Used Loophole to Claim Huge Tax Write-Offs, Despite Donating Little to Charity

Washington, DC - Rep. Louise M. Slaughter (D-NY-28), Ranking Member of the House Rules Committee, today in a letter called on Mark W. Everson, Commissioner of the Internal Revenue Service, to investigate Health and Human Services (HHS) Secretary Michael Leavitt's family foundation following accusations of possible tax fraud and the exposure of other questionable activities.

"I am deeply disturbed by the possibility that anyone, let alone a cabinet member, would use a charitable organization for his own personal gain," Rep. Slaughter said.

"The IRS has a duty and a responsibility to investigate tax fraud, especially when it is allegedly perpetrated by a government official who controls taxpayer dollars."

"At the end of the day, it comes down to a question of the transparency and accountability of this government," Rep. Slaughter added.

Under the auspices of the Dixie and Anne Leavitt Foundation, Secretary Leavitt has claimed almost \$1.2 million in tax write-offs since 2000. However, the Foundation donated far less to charity between 2002 and 2004 than the minimum amount required to justify such tax deductions. The Foundation's assets have also in recent years been used to finance several loans benefiting the Leavitt family's financial interests, at least one of which was interest-free.

As Rep. Slaughter's letter reads: **"Public officials must not be above the law. On the contrary - their actions should be held to a higher standard. The position of HHS Secretary carries a great responsibility to the American people. This requires Secretary Leavitt's financial transactions to be transparent and legal."**

The full text of Rep. Slaughter's letter to Commissioner Everson is included below:

August 1, 2006

Honorable Mark W. Everson, Commissioner

Internal Revenue Service

U.S Department of Treasury

1111 Constitution Avenue, N.W.

Washington, D.C. 20224

Dear Commissioner Everson:

I urge your agency to investigate allegations of tax fraud and abuse committed by the private family foundation of Health and Human Services (HHS) Secretary Michael Leavitt.

According to a recent report in the *Washington Post*, in 2000, the Leavitt family used \$9 million of their assets to set up a private foundation, the Dixie and Anne Leavitt Foundation, as a Type III Supporting Organization. While Secretary Leavitt claimed almost \$1.2 million in tax write-offs, the organization reportedly only donated \$49,000 in 2002 and \$52,000 in 2003 - far less than the 5 percent minimum requirement. The small percentage they did donate went to interests closely tied to the Leavitt family, like Southern Utah University, Secretary Leavitt's alma mater, and the Western Association of Leavitt Families.

Allegedly, when the foundation was created, the Leavitt family donated \$8.1 million in Nevada water rights. In 2005, they sold the water rights for \$11.9 million, creating \$800,000 in income for the foundation. While charitable spending increased somewhat following the sale, portions of the proceeds went to Leavitt-related interests, including real-estate and insurance businesses. Meanwhile, the foundation used its assets to grant a \$332,000 loan to Leavitt Land and Investment, Inc., in which Secretary Leavitt owns a stake valued at up to \$5 million. Leavitt Land and Investment proceeded to grant the Secretary an interest-free loan valued at over \$250,000.

In past statements, you have spoken out against family foundations giving charitable donations to their own business interests, suggesting Type III Supporting Organizations are rife with abuse.

Indeed, public officials must not be above the law. On the contrary - their actions should be held to a higher standard. The position of HHS Secretary carries a great responsibility to the American people. This requires Secretary Leavitt's financial transactions to be transparent and

legal. While the Leavitt foundation's activities would warrant attention had it involved only private citizens, the involvement of such a public official increases the demand for scrutiny. I urge you to investigate the Dixie and Anne Leavitt Foundation for possible abuse of the tax code, and to analyze Secretary Leavitt's role, if any, in these allegations of illegal dealings.

Thank you for your prompt attention to this matter.

Sincerely,

Louise M. Slaughter

Member of Congress

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